

P&F Industries, Inc.

Purchase of Air Tool Service Company

Closing Date: August 13, 2014

PURCHASE PRICE		
	Payment of Creditor	\$ 76,349.89
	Payment of Escrow	387,500.00
	Payment of Creditor	1,259,445.96
	Payment of Seller	<u>5,935,264.15</u>
	Cash Consideration	\$ 7,658,560.00
		7,659,000
Booked \$100k @ 9/30/2014	W/C Adjustment	<u>\$ (100,000.00)</u>
		(100,000)
		<u>\$ 7,558,560.00</u>
		7,559,000

ORIGINAL BALANCE SHEET			ADJUSTMENTS										PURCHASED BALANCE SHEET	FOOTNOTE GROUPINGS	CASH FLOW GROUPINGS	
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)			
Current Assets																
Accounts Receivable	\$	244,297.67	(11,849.04)			(21,555.00)	(51.72)		(1,185.72)					\$	209,656.19	
Allowance for Doubtful Accounts		(20,000.00)													(20,000.00)	190,000
Inventory		709,732.29	6,527.56					(19,636.98)					(314,167.08)		382,455.79	
Inventory WIP		216,504.34		51.42											216,555.76	600,000
		-													-	
Total Current Assets		1,150,534.30													788,667.74	
Fixed Assets		-										651,374.00			651,374.00	
Accumulated Depreciation		-										-			-	
Net Fixed Assets		-													651,374.00	651,000
Trademarks		-										240,000.00			240,000.00	240,000
Customer Relationships		-										3,260,000.00			3,260,000.00	3,260,000
Drawings		-										120,000.00			120,000.00	120,000
Noncompete Agreement		-										130,000.00			130,000.00	130,000
		-													3,750,000.00	
TOTAL ASSETS	\$	1,150,534.30												\$	5,190,041.74	A
Liabilities																
Accounts Payable		164,460.62			(7,442.86)										157,017.76	
Customer Deposits		192,753.88								(5,008.50)					187,745.38	345,000
		-													-	
TOTAL LIABILITIES	\$	357,214.50												\$	344,763.14	B
TOTAL NET ASSETS	\$	793,320														

- (1) Goods billed but not shipped to Michigan Pneumatic-backed out of sales and AR.
- (2) WIP Inventory beginning balance adjusted by Mike S.. Shop values added to UGI system - SLIGHT DIFF DUE TO DECIMAL CALCS AND PHYSICAL ADJ OF 56 CENTS.
- (3) Global tech (temp employees) billing/expense incurred prior to close-ATSCO responsibility.
- (4) ATSCO received wire transfer payment from TorUp on 08-15-14 into their Bank account for TorUp inv nos.M098163 (\$16,695.00) & M098174 (\$4,860.00).
- (5) ATSCO received check payment from R.W. Shidley no 2237 and deposited into their Bank account.
- (6) Physical inventory adjustment - write down of \$19,636.98.
- (7) ATSCO invoice to ITT no M098123 (\$128.52), M098179(\$188.06), M098210(\$869.14) paid to old ATSCO bank acct by ACH-ACH had been changed going forward.
- (8) TorUp ACH payment on 08-07-14 - deduct 30% against prepaid customer deposit account - (\$5008.50).
- (9) To record working capital receivable.

Working Capital Adjustment:		
A/R	\$	209,656.19
Allowance		(20,000.00)
Inventory		696,622.87
WIP		216,555.76
A/P		(157,017.76)
Customer Deposits		(187,745.38)

(10) To fair value tangible and intangible assets.
(11) To adjust inventory to day 1 fair value

	\$	758,071.68	
Base Amount	\$	858,689.00	Per Agreement
Receivable	\$	<u>100,617.32</u>	